



Senate

General Assembly

January Session, 2007

File No. 168

Senate Bill No. 1279

Senate, March 28, 2007

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING AIR AND SEAPORT TRADE DEVELOPMENT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-75a of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 A municipality which has an enterprise zone designated under
4 section 32-70 and [an abandoned or underutilized] a railroad depot
5 that is abandoned or underutilized, an airport or a water port, which is
6 located outside of the enterprise zone may, with the approval of the
7 Commissioner of Economic and Community Development, designate
8 the property on which such (1) railroad depot is located and the
9 properties adjacent to such property as a railroad depot zone; (2)
10 airport is located and, subject to local zoning regulations, the
11 properties adjacent to such property as an air transit zone; and (3)
12 water port is located and, subject to local zoning regulations, the
13 properties adjacent to such property as a water transit zone. Businesses
14 located within a railroad depot, air transit or water transit zone shall
15 be entitled to the same benefits, subject to the same conditions, under

16 the general statutes for which businesses located in an enterprise zone
17 qualify. The commissioner shall adopt regulations, in accordance with
18 the provisions of chapter 54, which [(1)] (A) further define the [term]
19 terms "railroad depot" and "water port" for the purposes of this
20 section, [(2)] (B) establish an application procedure for municipalities
21 seeking the approval of the commissioner for railroad depot, air transit
22 or water transit zone designations, and [(3)] (C) establish criteria for
23 the issuance by the commissioner of approvals for such designations.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	32-75a
-----------	---------------------	--------

CE *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect
Department of Economic & Community Development	See Below

Municipal Impact:

Municipalities	Effect
Various Municipalities	See Below

Explanation

Allowing the 17 enterprise zone towns to designate air and water transit zones, with approval of the Commissioner of the Department of Economic and Community Development, could result in a cost to the state and a revenue loss to the state and eligible municipalities to the degree that the additional designations provide financial incentives for financial services and manufacturing businesses which would have occurred without the incentives. The exact impact is indeterminate. Financial incentives available to the businesses include a loan program, a corporation business tax credit, and 80% property tax abatement (50% PILOT to the town).

The Department of economic and Community Development would also incur administrative costs estimated at \$5,000 in FY 08 to expand the current enterprise zone regulations. To the extent that additional designations are approved by the Commissioner, the DECD could incur additional administrative costs. The exact impact would depend on the number of approvals and the activity in each and is unknown at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 1279*****AN ACT CONCERNING AIR AND SEAPORT TRADE DEVELOPMENT.*****SUMMARY:**

This bill allows the 17 towns with enterprise zones to designate air and water transit zones, with the economic and community development commissioner's approval. The designation qualifies manufacturing and financial service businesses within these zones for the same economic development tax incentives available to businesses in the enterprise zones. The commissioner must adopt regulations for approving air and water transit zones.

The law already allows enterprise zone towns to designate, with the commissioner's approval, abandoned and underutilized manufacturing plant and railroad depot zones and defense plant zones. These designations also qualify manufacturers and financial service firms in the zones for the enterprise zone incentives.

EFFECTIVE DATE: Upon passage

DESIGNATION REQUIREMENTS

Under the bill, a town with an enterprise zone may designate an airport or water port as an air or water transit zone. The zone must encompass the airport or water port and the adjacent properties, if the zoning regulations allow it. The town must submit the proposed zone to the commissioner for his approval. The commissioner must adopt regulations defining water ports and specifying the process for approving proposed zones.

Once approved, manufacturers and financial services firms qualify for state-reimbursed real property tax exemptions if they improved

property. They qualify for corporation tax credits if they create new jobs. The property tax exemption is 80% of the assessed value of the improvement for five years. The corporate business tax credit is 50% for 10 years. A business qualifies for the credit if 30% of the new jobs it creates go to residents of the zone or residents of the town who qualify for federal job training assistance.

BACKGROUND

Enterprise Zones

The legislature enacted the enterprise zone program in 1981, when it authorized the economic development commissioner (now, the economic and community development commissioner) to approve six proposed zone designations. Since then, the legislature increased the number of authorized zones to 15, all of which have been approved. It also set narrow criteria under which the commissioner could designate additional zones. He has approved two zones under those criteria, bringing the total number of authorized zones to 17.

The towns with enterprise zones are: Bridgeport, Bristol, East Hartford, Groton, Hamden, Hartford, Meriden, Middletown, New Britain, New Haven, New London, Norwalk, Norwich, Southington, Stamford, Waterbury, and Windham.

COMMITTEE ACTION

Commerce Committee

Joint Favorable

Yea 19 Nay 1 (03/13/2007)